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1. The new liberal agricultural policy of the Government (grants to certain independent producers outside the collectives, of agricultural machinery, seeds and fertilizers, free prices and free sales, modification of the system of forced sales, private growing, etcetera) does not enjoy the approval of all the Yugoslav leaders of Party and Government or of many of the Party activists.
2. Whereas Minister Boris Kidric and his followers are convinced that the new policy will achieve the Government's aims (increased agricultural production and the raising of the Government's prestige among the peasants who form the great majority of the population) others, in particular Marko Belinic, Deputy of the Croat National Assembly, consider that it is a system of great potential danger to the Government.
3. This minority holds that the system may well lead ultimately to economic chaos, and that the peasants and market farmers, with their newly acquired economic independence, may eventually form a counterrevolutionary base to be reckoned with, and that when the Government eventually wishes to press on again with the system of collectivization, and changes its present liberal policy, it will find what may prove to be an insuperable opposition, based on economic and not political motives, on the part of the majority of the landed population. Opposition to the new agricultural policy is strongest among Party activists in Croatia, Montenegro and Macedonia.
4. The Yugoslav leaders do not hold that this policy should necessarily be permanent, and at the moment the intention is that a return should be made to a more rigid agricultural policy, and to an increased collectivization as soon as the serious crisis of under-production of the last years has been sufficiently overcome. The agricultural cooperatives are still considered to be the most important element in the agricultural system. Political

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activity among their members is now more intense than that in the factories, and their members are carefully selected for their political reliability. Although, for purely economic reasons, it is current Government policy that harmful rivalry between cooperatives and independent producers should be "neutralized", the Party spreads the line that the State can eventually control agriculture without the latter.

5. The introduction of a more flexible structure in the cooperatives has had beneficial results, and they now account for some 30 percent of the total agricultural production of the country.
6. Favorable results have already been achieved by the new agricultural policy of the Government. Reserves of foodstuffs which had been hoarded by the peasants and producers are now appearing on the market for the first time, and the quality available for home consumption is higher than it was in March 1951. At the same time inflation is on the increase, and the advantages to the consumers in the towns of an increase of available products is offset by a sharp decrease in purchasing power.

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